App.F.IX-4

1925-6 File No. 43-25

Previous References (Geol)
Geol 49-24 (1-3 4-9, 13, 15)

Serial Nos. 1 3-7

Later references.
Geol 73-25 (8-10)

preserve

(AA)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Six

Part B for [illegible]

SUBJECT

~~Representation of the United Steel Co. Ltd~~

For Reduction of the rate of royalty on Manganese

I. & G.S. of 28.5.26

To

Director of Geology

Passes orders regarding the reduction of the rate of royalty on low Grade Manganese ore

[illegible]

REPLY

(To be written on this margin.)

Office of the Dewan of Mysore

160 D 2935

NOTE

dated 5th December 1925

Kindly expedite the disposal of Mr. Valentine s letter in regard to the oyalty to be paid by his Company on Manganese.

5/12

To:-

The Revenue Secretary to Govt:

with compliments.

Immediate

a/s. &c.
Copy -
4/5

MP
5/12

Filed

the file has been
sealed. to the I Assist. on
on 4.12.25 with D no 23840

20
5/12/25 - Rev Sec

MP
5/12

Dewan Sec
(Mr Mantha)

h
7/12

G. R. S. III—1] 1925

GENERAL AND REVENUE SECRETARI

(Genl)

NOTES.

File No. 73-25

FILE HEADING.

Buyer of the United Steel Company, Ltd Shewing
on the production of grades of manganese ore & royalty
sorts of manganese in the state

From

The Secretary, United Steel Co., Ltd

No. Petn Dated 22-11-25 Received 1-12-25

Diary No. 2840	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

Wants for reasons stated that the rates
royalty on manganese may be ~~stan~~ standard
6 annas per ton below 44 p.c. ore & 12 annas
ore 44 p c

NOTES AND ORDERS.

The present rates are :—

a)	Manganese ore containing not more than 44 per cent	Per ton 0-12-0
b)	On other variety	1-4-0

2) The Company planned for the revision of rates Government in 1923

7640

General and Revenue Secretariat

[App. F. III—2

Revt File No. 73 ~~2-8240~~ of 1925

Serial No

and 1924, and Govt [illegible] that the question cannot be reconsidered (this [illegible] No. D.C. 5396/Revt. 29-22-28 dt 23/2, and No. D.C. 3449/Revt. dt. 26-23-18 dt 18.11.24)

R

N

3) the question [illegible] the reduction of rates of royalty on kerosene & diesel oil is also under the consideration of Govt & [illegible] the file on the subject has been in connection with the removal of rates on diesel oil projects (now in Council)

4) [illegible]

Rev Sec'y) 3/12/25 MP 3/12

5) I Sec. Member) 4/12/25

118 4.12

6) Reply has not yet been complete

7) There was earlier file in which the question of reduction of royalty payable by Indian companies was discussed & in which it was pointed out that the file may be put up.

8) Also the files relating to the question of the application for licences within the Reserved area must also be put up

9) Govt. Have been moved separately to the Imp. Secy. to the Govt. of India in the Commerce Dept. for a decision on another application of Messrs. Burmah Oil Co. for prospecting G. Block in this area—see the 1924 flag A.

There are [illegible] etc—

10) Ch. Mines [illegible] 19/12

5/12/25

NOTE—Contn. Sheet

Serial No

(P.U.D)

11) Subject placed as proceedings with previous reference

12) In their representation to the Dewan dated 22nd Nov 25 the United Steel Co have referred to the previous history of their manganese activities in the State and requested a reduction in the rate of royalty on manganese Incidentally they have alluded to the reservation of Bikenahalli area by Govt, out of the area (of the 13-mile radius from Ayanur) originally reserved for the Company- as unfair to them, and complain that ore, won by them in the area, has been sold by Govt without consulting them-

Para 5

Para 7

13) Regarding the two secondary points mentioned above, kind reference is invited to Para 4 of GO No- D. 28-F/19, reserving the one mile belt round Bikenahalli for Govt in the Ayanur area originally reserved for the Company- This was on the specific recommendation of Dr Smeeth when the Company applied for a block in this Bikenahalli area in 1923 they were informed that the reservation could not be cancelled This was in the interest of the Mysore Iron Works File Genl. No 93-24-5 deals with the other question kind reference is invited to Para 12 of the Flag A

Flag C.

Flag Z

Minute which states the reasons for rejecting the claims of the Company, on the one hand by Govt- No further action is necessary on these two points

14) The main representation is however, about the reduction in the rate of royalty- The previous history of this question is contained in the note in File 93-24-2 The existing rate of royalty are Rs 1/4/0

Flag Y also Flag G Annexure A.

Serial No

per ton of ore with 44 p.c. & more of manganese content and Re 0/12/0 per ton of ore of lower grade. In British India, the royalty on manganese is 2½ p.c. on the sale value at the pit's mouth or on the surface of the dressed ore or metal Conventions at the option of the Local Govt to an equivalent charge per ton to be fixed annually or for a term. (Please see portion marked L) in the Govt of India Mining Rules)

Flag L.

15) From the files put up, it will be seen that the repeated requests of the Company, for reduction in the royalty rates, have been refused by Govt as it was considered that it was too early to reopen the question after having fixed the revised rates on careful consideration, in November 1920. The whole question of deciding upon the future policy in regard to the exploitation of these minerals by licensees & lessees is under consideration in Council. Whether Govt should continue the system of profit sharing in addition to royalty and whether the rates of royalty require revision (reduction or enhancement), are engaging the attention of Govt. (The matter has been ordered to be submitted to the Legislature by the 15th January.)

File No 145-24 (Before Council)

Rev Secy

20/21. 12. 25

21.12.25

554 / 22.12

1st November

24/12

Serial No

16) Mr Valentine has in his letter of 22nd Nov. to the Dewan asked for the reduction of the royalty on low grade manganese ore from 12 as. 6 as per ton and on high grade ore from Rs 1/4 to 12 as per ton

17) With regard to the royalty on low grade manganese ore mentioned in my minute of 26/7/24 in file 49-24 (vide para 2 of the notes) I suggested the reduction of the royalty to 6 as per ton in the case of 2 companies,

provided they guaranteed royalty on a minimum of 20,000 tons per annum for 5 years. When this was considered in Council my proposal was not accepted and it was decided to continue the present rate of 12 as per ton.

18) No information is now available in the Secretariat as to whether market conditions have changed so as to alter or justify over going back on our previous decision.

19) The matter may perhaps be considered as a result of the Council. If the Dewan approves of it

Dewan

12/4/26.

20) Right legislation for Council in

7/91.

21) To Chief Secy with compliments & file.

DEWAN'S OFFICE.
REGD. 12 JAN. 1926
No. 5196

C 327

[App. F. III—2

6

General and Revenue Secretariat

File No. 73 of 1925

Serial No

D. No. 3698 dt 21/11/26

* Do. refd to by the Member is also placed in the file-
21/11/26.

27 Since I last noted my opinion in this case I have received a comm* from the Dy Secy (in reply to a letter from me) in which he has recommended the reduction of the royalty on low grade manganese to 6 as per item. This may be also placed on this file for reference when the case comes up before Council

20/7

21/1

Ext 73-25

(For Disposal at a Meeting)

No. C. 327
of 1925-6

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clause xii of the schedule)

23) Representation of Messrs. The United Steel Co., Ltd., for reducing the rates of royalty on Manganese

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

20th January 19 26.

Extraordinary Member of Council.

490/20/1 **First Member of Council.**

6437/21/1 **Second Member of Council.**

Extra Member of Council.

3557

8

WD 01264 —GPB —40,000—17-12-25

App. F. III—2]

General and Revenue Secretariat	Genl File No. 73 of 1925	7

Serial No. 3

From Mr Director of Geology

M.C/62 1 & 20 1 26

Reports on the points raised in Mr. C. R. Valentine's request for a reduction in the rate of royalty payable by Govt. on manganese mined by the United Steel Co. Ltd - Sitamau.

First Member's order on the D.M.D.

24) To be submitted with reference "A—nee" D.M. C-RS. 20/1/26

25) The main file has been sent to the Chief Secy on 19.1.26, for being considered in Council

26) This may be sent to the Council Secy for putting up the main file

Immediate

Ky 21/1/26 C. B.

Ch Secy)

MP 21/1/26

3940

WD 01264—GPB—40,000—17-12-25

[App. F. III.—2

General and Revenue Secretariat

Ger File No. 73 of 192 8

Serial No. 3

From Ref. D. M. Secr

D.O. No C/621-3 dt 1.2.26

States in continuation of his letter No C/621-1 dt 20.1.26, that in the event of funding a market for low grade ore the profit of the United Steel Co will be able to guarantee 20,000 tons a year for a period of 3 yrs subject to certain conditions & that the figures to be guaranteed may be altered.

2) The file on the subject is before Council with P. No 36 dt 2.2.26 & 2635

3.2.26 R Secy

WD 3/2

28) 1st. December) h 2/2

2.26 29) This may be placed on the file for being considered in connection

WD 3/2

2/2

30) To Chief Secy with compliments

h 4/2

WD 5/2

3940

98

WD 01264—GPB—40,000—17-12-25

General and Revenue Secretariat

Ger File No. 73 of 1926

Serial No. 3

From Asst. S. to Sec.

D.O. No. C/621-3 dt. 1.2.26

States in continuation of his letter No. C/621-1 dt. 20.1.26 that in the event of finding a market for low grade ore the Lapsett of the United Steel Co. will be able to guarantee 20,000 tons a year for a period of 3 yrs subject to certain conditions & that the figures to be guaranteed may be altered

27) The file on the subject is before Council with D.O. No. 36, 2840 & 2935

3.2.26 R Sec'y

28) 1st. reminder

29) The papers are placed on the file for the decision of Council

30) To acknowledge with compliments

Ext 73-25

(10
9

Extract from the Proceedings of the 765th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 18th February 1926. *19*

143. Subject. Clause xii of the schedule.

31) Representation of the United Steel Co., Ltd., for reduction of the rates of royalty on Manganese.

OPINION OF THE COUNCIL.

32) The royalty on low grade ores may be reduced to 6 as. per ton for a period of 2 years.

(Signed) A. R. BANERJI,

Dewan of Mysore.

"EXTRACT"

Chief Secretary to Govern me

11
10

. R. S. 12]

W D 473—GPB—1,000—12-9-18

General and Revenue Secretariat.

Rev File No. 73 of 1925 C 327

Subject Representation of the United Steel Co. Ltd., for reduction of the rates of royalty on Manganese.

23) Extract from the Proceedings of the Council is put up.

Forwarded, with compliments, to the Financial Secretary to Government under paragraph 9 of the Government Order No. G. 17572-8- G. M. 676-17-1, dated 22nd June 1918.

By Order,

Chief Secretary to Government.

9. (*a*) If the views expressed by the Financial Secretary in any case, whether original or un-officially referred, are not accepted by the Member of Government in charge, or by the Dewan and Members of Council, as the case may be, the file containing the discussions shall be sent to the Financial Secretary a second time, in order to enable him, in cases in which he considers that the orders proposed to be issued are opposed to financial rules of Government or to recognised financial principles or for other reasons of a financial nature, are open to objection, to record a respectful representation to that effect, which will be placed by the Dewan before His Highness the Maharaja for consideration.

(*b*) All cases sent to the Financial Secretary under this rule should be treated as immediate and returned to the Department concerned within three days of receipt.

Minute 20.2.26

34) Reference to Land Revenue Member 27-1

5/84 22.2

35) Final note in pursuance 25/2

36) Letter D. SN Dewan 26/2

Gen. 73-25 (12

Final Note by the First Member of Council.

Subject:—

Reduction of royalty on low grade manganese ore.

37) In soliciting kind reference to para 3 of my Final Note dated 25th August 1924 stating that the question of reduction of royalty from annas 12 to annas 6 on low grade manganese ore has been reserved for further scrutiny after obtaining further particulars regarding the fluctuation in the price of the ore I beg to state that Mr. Valentine of the United Steel Company having in his letter dated 25th November 1925 to the Dewan asked for the reduction of the royalty on this mineral to the original rates on the ground that the rates for low grade ores had considerably fallen and it was therefore difficult to work them with a reasonable margin of profit etc., the opinion of the Director of Geology was obtained in the matter He has stated in his letter No. C.621-1 dated 20th January 1926 that while there has been no appreciable fall in the price of high grade ore, in the case of low grade ore below 42 per cent the market conditions are so very unfavourable that it is difficult for mining companies to work them with a reasonable margin of profit and he has recommended that, in the above circumstances, in order to sustain the industry in low grade ore, the rate of royalty on low grade ore may be reduced to 6 annas per ton, no such concession being necessary in the case of high grade ore

38) The question was discussed at the meeting of the Council held on the 18th instant and it was resolved that the royalty on low grade ore may be reduced to 6 annas per ton for a period of two years. The resolution of the Council may be graciously approved.

Page 9 of Office Note

FIRST MEMBER OF COUNCIL.

25-2-1926.

25/2/26

Ext 73.25 (13

Submitted to His Highness.

I submit herewith a Final Note by the First

Member of Council on the ~~subject of~~ representation of the United Steel Co. Ltd for reduction of the rates of royalty on Manganese.

.....

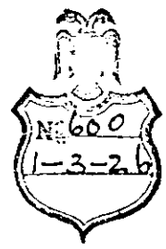
for His Highness' gracious approval.

Dewan.

1 MAR. 1926

Bird 73-25 (14

Record of Cases submitted for the Orders of His Highness the Maharaja.



Subject.

40) Proposal to reduce the royalty on low grade Manganese ore.

641

Order.

41) KRM
8/3/26

42) Resy 41

368 16

General and Revenue Secretariat

Revl 73 - 1925 C327

43) Representation of Messrs United Steel Company, Ltd, for reducing the rate of royalty on Manganese.

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circlated to the Members of Council at headquaters and then sent to the Secretariat coneerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before /after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

.....Department.

44)

368/10-3 FIRST MEMBER OF COUNCIL.

45)

7872/11/3 SECOND MEMBER OF COUNCIL.

EXTRA MEMBER OF COUNCIL.

(Revision)

NOTE - Contn. sheet.

WD 01264—GPB—40,000—17-12-25

General and Revenue Secretariat

Ecol File No. 73 of 1925 6

Serial No.

6 from the Dir. of Ecol

D.O no c/740 dy 20.3.26

suggests a sliding scale in the matter of royalty on manganese according to the grade of ore & requests Govt to consider the case

members note

53) as the Advo multi purposes

(2) K.R.S 2/3

(3) B.N 2/3.

54) Notifn reducing the rate on low grade manganese i.e. below 46% from 0-12-0 to 0-6-0 has been issued

Hey O

55) the Dir now asks an intermediate grade of 42-46% and recommends the levy of royalty on such grade at 0-12-0 as

P U O

56) for orders

28/24/3/26 57) The Dir's letter explains the advisability of charging only 6 annas per ton on all low grade ores of 44 & below

58) The G.O & the notifn have both issued yesterday - (before the receipt of the Dir's letter in the Branch

59) The Dir states that in case the concession is extended to all the mines public & not mines to the United Steel Companies at Shimoga,

3698 + 3700

(16

[App. F. III—2

General and Revenue Secretariat | Revl File No. 73 of 1925.

Serial No

Immediate

46) Asstt. will put a draft G. O & Notfn.
20/3/26 VS

47) Two offs for appl.
RSW) WP 13/3

48) Plan for correction in Notfn - Punch clean draft - & submit thereafter
WP 16/3 h 17/3

49) clean drafts subd
20/3/26 VS

50) Offs mov for appl
I M) WP 17/3/26

557 18.3

51) Appl
by 18/3 h
WP 19.3 19/3

52) Issue
VS
19/3/26

Issued vide 6515 & 23/8/26
do 6516 & 23/8/26
Notfn vide 6517 & 23/8/26
Directs that the Loyalty in low grade mines be reduced to 6 as a ton
To Compiler, Engg. Secy. No 6520
Notfn above reduction

NOTE—Contn. Sheet

WD 01361—GPB—40,000—17-12-25

General and Revenue Secretariat

File No. 73 of 1925

Serial No.

Immediate

(Flag X)

a sliding scale, (with an intermediate grade) may be adopted as given in Para 5 of his letter

(a) Sec'y for perusal please -

WP 24/3

Rec'd)

(b) With ref to Para 3 of his present letter where the Dir has expressed the fear of a fall in the revenue, if the concession of low royalty (i.e. of 6 annas) be extended to all, Govt's attention is invited to his recommendation in Para 10 of his letter of 20th Jan' 1926 that the royalty may be reduced to 6 annas a ton in the case of all low grade ore (not more than 44%) therein, he has no suggested any sliding scale or condition of minimum output, as proposed in his present letter. From Para 11 of the same letter, it will be seen that the Dir suggest certain conditions only in the case of U. Steel Company if the concession was restricted to them

WP 24/3

Rec'd

Rec'd 24.3.26

4917

WD 01264—GPB—40,000—17-12-35

[App. F. III—2

General and Revenue Secretariat

Rev 2 File No. 73 of 1925.

Serial No.

62) This file relates to the question of reducing royalty on low grade manganese ore. The reduction as previously agreed to by the Director was accepted in Council and approved by His Highness and orders issued yesterday In the present demi-official letter the Director suggests some modification of his previous proposal. It was received by the Member on the 20th before the order issued. It is not clear if it was the Member's intention to reconsider the question before issue of orders as now suggested by the Director (Vide last para of his letter) Reconsideration seems desirable as the Director says that the reduction of rate as now approved will affect revenue. As it is possible that the order may have to be re-considered and the notification now issued may create some inconvenience I have sent word to the Press to delay publishing the notification if possible If no change is considered necessary or if it is considered that publication of the notification does not matter, it will appear in the Gazette next week. The action taken may be approved

(* But subsequently in the Branch after issue of orders)
MW 24/3

63) If it is ordered that the question may be reconsidered in the light of the present letter of the Director the order already issued may be held in abeyance and the Director asked not to communicate and a revised scale of royalty adopted it to any lessees or prospective applicants.

64) As the Member is absent and the matter is urgent I have submitted the file for the orders of the Dewan.

MW 24/3

Dewan

WB 24/3

tn. Sheet

Serial No.

65) The notification reducing the rate of royalty has been published in the Daily Post today I find that a copy of the go has been sent also to the Mysore Iron & Steel Co. As there is nothing to be done now except to reconsider the order already issued if this is considered necessary I have got back this file from the Dewans office where it was sent earlier in the day. The Compiler Mysore Gazette may be asked to insert the notification in the next issue of the Gazette. and the Director of Geology to be told that the proposal in his D.O. letter of 20th March is under consideration & that pending orders no new licenses may be issued on the reduced rate of royalty

First Member

721/26.3

66) Orders having already been issued & no necessity to do so now as the Director may be informed accordingly that orders have already been issued reducing the rate of royalty as low as 4 annas 4 & 6 annas per ton temporarily for a period of 2 years. This fact to be considered & necessary modifications at present. Steps are to be

NOTE—Contn. Sheet

General and Revenue Secretariat | File No. 73 of 192 .

Serial No.

we have a stamp in the Foreign Department of the Government of Bombay

67) Please Ap- 26/3 27-3 27/3 Ind 29/3

68) The orders which had been for Bank may be sent again

69) Draft submitted for Appb.

29.3.26 29/3

To Secretary 30/3 Ind 30/3

Dear Secretary

D.O. No. 6762 dt. 31.3.28

States that orders have already been issued & that Govt. do not desire any to modify it at present especially as Govt will have a share in the profits in addn to Royalty

Telephoned to the Press office to publish the notifn in the next issue of the Gazette. 29/3/26.

NOTE—Con

URGENT

(1)

REPLY

(To be written on this margin.)

Office of the Dewan of Mysore.

Encl 7 3-25-

NOTE.

Dated 29th November 1925.

The accompanying petition from the Superintendant United Steel Co., Ld., Shimoga, in regard to the Royalty to be paid by the Company in Manganese, may be submitted to the First Member of Council with all the connected papers and a note.

The matter should be brought up for very early disposal

DEWAN'S OFFICE.
30. NOV. 1925
No. 160

D 28540
1925
INDUSTRIES & COMMERCE

30/11

30/11/25

Revenue Secretary to Government, with compliments.

30/11

2

Shimoga.

November 22nd. 1925.

From The Superintendent

Messrs The United Steel Cos.,Ltd.,

Shimoga.

To Sir Albion Banerji, K.T, C.S.I.,C.I.E.,

Dewan of Mysore.

Bangalore.

Sir,

I have the honour to again address you on the subject of Manganese. I have endeavoured to avoid worrying you with our complaints, but I feel that more discussion is necessary in order to clear an atmosphere which has only partially been cleared. A serious state of affairs has now arisen, which compels me to raise this subject again, and the cause of which I now briefly state. We are just about to commence work in an area recently granted to us by Government . Previous to this, for a long time our applications for mining licenses have been prevented from going through, owing to Government withholding areas, raising royalties, and by act demanding 25 per cent of nett profits in addition. The result of all this has been to very effectively stop our development of ore ground for the last two to three years.

2/ (In 98 per cent of cases the areas applied for by us are in the manganese areas alongside our tramway,) In fact it has been with great difficulty that we have been able to meet our forward contracts for 1925. Even now we are not out of the mire in so far as we have a steamer to load with 5000 tons of ore, and as on the 17th inst we were 1100 tons short, the only possible way to get this ore down to Marmugao will be to turn out sufficient ore of the quality required, and the only ore of this quality in bulk is in the area which Government finally gave us permission to work in, fourteen days ago, (The final word was with the Forest Department) It will take us all our time to manage this, and if we fail it will be the first

time that we have defaulted on a cargo in the whole of our 18 years work. The cause for this is our not being able to work in new ground, to uncover and develop sufficiently to show mineral which would justify our booking ahead. We have in consequence not been able to book any contracts, either large or small, and we are living from hand to mouth. "But", you may say, " What about your lease areas for which you have a thirty year lease"?, In the fir place, the first grade mineral was found only in the Kumsi lease area, and this was all excavated by 1915 though not to the extinctic the other grades, as has been the case in all other manganese are in Mysore. When non technical men endeavour to work a property, work needless to say is bad, due to the fact that a layman has nc knowledge of the scientific side of metallurgy or mining. The re is that when the medium and low grade ores are ignored, there is natural tendency to bury them during the course of mining, to cheapen costs. In our case this is not so, as our records will show, as far back as 1909 I made a research into this lower grade miner and as a result, and having faith that eventually it would be on market, I strongly advised that it should be kept stacked and pr ed in every way. A glance at our records since 1915 will shew w I mean by this, but the other peoples records cannot show it. The war then stopped our market, otherwise we should have establ a market for this low grade mineral there and then. Naturally m are down to the lowest on account of the drop of ten clear per ce the manganese content, but if shipments are large the output wil large accordingly, and will thus help us to keep down our costs low a figure as possible, which is of course very necessary in this scheme. I will now go one step further. The lease area minera has been very variable for the past two years, and it has only by careful grading and close attention that the quality and quant of 38 per cent manganese, has been kept up. I could see that if any time our qualities collapsed as a whole, we were at once goi to be placed in a difficult position, and for this reason I have made repeated applications for areas outside the lease areas duri

the past three years. My reasoning has now been proved correct, and our lease areas are now nothing more in value than a mere mixing proposition (and very careful mixing at that). I had at all times to take into consideration the fact that Government were raising or threatening to raise royalties to standards which the mineral would not stand. It was hardly fair to endeavour to dip into any small profit to us through enhanced royalties, when we have to bear all the risks - outstanding money on interest, also the very large costs of the mineral from the ground in Shimoga to Europe, and I may say that this has, and will have a far reaching effect on output(immediate and for the future). The consequence is that Government now stand to lose heavily on their royalty return, when, if I may be pardoned for saying so, it might have been on a par with 1923,1924 and the beginning of 1925. The period from the middle of 1925 to the end of 1926 will show a big difference, as it takes at least eight to ten months to develop a new property or area to anything like its full output. A brief reference to our advent into Mysore State is herewith given. When the Steel Companies negotiated for the Shimoga properties in 1907 -1908, it meant that a large amount of capital was involved; viz a matter of £ 180000/-/-. It was therefore necessary for the Mysore Durbar to get the permission of the Government of India to the advent of such an amount of foreign capital. This was done and compatible with this large capital, certain concessions were made. It must be borne in mind that no manganese leases came into the argument at all. All that was considered was a certain area of ground in which the original syndicate had been working prospecting licenses (a considerable number) The area named by His Highness's Government was an area comprising a radius of 13 miles of Ayanur village. This included the North of the Kumsi range of hills, the Shankergudda range, & the Bikonhalli range to the extent or limits of the radius given above. Leases were always a sequence and leases were eventually taken out for two areas of one square mile each, in 1914.

3. The leases were always irrespective of the fact that we were working prospecting licenses in the various parts of the 13 mile radius area.

It must also be borne in mind that £70,000 worth of tramway is in the middle of the area, and this was constructed with a view to tap the whole of the 13 mile radius area for mineral, with of course the permission of His Highness's Government. This concession area was the attraction, as no Company in their sane senses would have spent this amount just to link up comparatively small areas like the Kumsi Block, and this block at that time (1907-8) was the only zone yielding ore in quantity.

4 Shankergudda was opened out with a branch line as late as 1916, and with the full recognition by Government of our original rights. This is the history of our advent, so now we come to later times.

When the Bhadravati Iron Scheme came into being, Government came into our reserved areas and reserved for themselves the area of a three miles radius of Bikonhalli village. I, of course, protested against this but no amount of protestation or applying for the license has been taken notice of by Government
This Bikonhalli area was opened through the medium of our money-energy etc, and in 1909 we mined and shipped 3000 tons of medium best ore of 45 per cent manganese content. Then the grade fell, and as the low grade market did not really come into being until after the war, we had to let the deposit remain as it was
Then, as I have said before, Government stepped in - without any intimation to us and reserved it under our very nose.

6 This Bikonhalli area is in the heart of our original reservation.

7 Government, in addition to this, have of later years been very diffident in granting licenses applied for by us, within the very area that Government reserved for us when our capital came into the state. Also within the last two years Government have (without consulting us) sold ore in various parts of this reserved area,- this same ore having been mined by us from beds found by our energy and money. Our contention is that this ore is rightfully ours, and after our sorting it, would have been removed in due course and shipped under the low grade scheme.

6

The history of our side of manganese in Mysore State, and our serious position as it exists today having been detailed, with the results of the efforts of Government to increase revenue through the medium of altering and revising royalties and conditions of licenses etc with regard to manganese, are very disappointing.

The result means, Sir, that a settled policy is required.

A regular base must be established and this should be adhered to,- otherwise I regret to say, your revenue from manganese instead of increasing will decrease practically to nothing. The original obligations, I submit, should be adhered to in order to put the industry on its feet once again. Our position today is that we are not able to book a single contract for 1926; in fact we may have to default on a 5000 ton shipment in December 1925,- part of our 1924-5 contract. The withholding of licenses.- the alteration of royalty and license conditions sufficient to affect the already small margin,- and the uncertainty of a non settled policy compatible with the conditions, have combined to place us in this position we now occupy. This is not only our loss but it is a loss to Government also.

4. It will take us another full year on development work to put ourselves in a position for anything like a tonnage for forward contracts I may say that I have just completed a tour of the largest manganese field in India, - viz the Central Province field; the authority of which comprises the best brains (technical) of India.,- Men like Sir.Thomas.Holland in the past, and Pascoe, Fermor, Coggan Brown, Adams and others, are still of the opinion that existed 20 years ago. The quality of the ores remain the same: viz 50 per cent, (the highest average obtainable) and still the royalty per ton is less than that existing in Mysore State. Also these Central Province mining companies cannot touch their 40 per cent manganese ore and below, as it would not pay them on account of the heavy railway freight rates from Central Province to the port, which runs Rs14/- all in.

lower royalty than this would not even help them, and their costs or raising the ore under the existing conditions would be prohibitive, hough the question has been seriously considered from all sides.

n Mysore we are more fortunately placed, as the railway freight is

legs by a considerable amount, and also our mines have been laid out in such a way as to render it possible to mine and ship, providing everything else coincides.

10) My statements submitted can be scrutinized and verified. They are not mere statements, made in an endeavour to gain an advantage, but with the idea of endeavour to get matters of manganese put on to a sound basis once and for all so that not only do we reap the benefit, but Government will also be assured of a steady income which will undoubtedl improve through increased output. As it is Government stand to now get a minimum total in royalty, Income-tax, Municipal toll, D.P.W. taxes and many other minor sources, all reflecting back to, and throwing a burden on to the state chest at a time when funds are short.

11) I submit that a royalty on 44 per cent manganese and below, down to even 35 per cent manganese (which could be done with 44 per cent as mixing medium) should be standardised at annas six per ton,- 44 per cer and over would pay twelve annas per ton.

12) As I have already pointed out, during slump time ~~xxxxxxx~~ no margins are available, but royalty has to be paid just the same, as we are bound by the rules to tranship ore.

13) I am explaining our case thoroughly and without reserve, and I trust that you Sir, will take it in the spirit in which it is offered. The matter is very serious for both sides and I beg you to give it your earnest consideration.

I have the honour to be,

Sir

Your obedient servant,

W. K. ... (Now ... Dept.)

C R Valentine

Superintendent.

2840 dl 19.1.26

Geol. 72-25-3

DEPARTMENT OF ~~MINES AND~~ GEOLOGY,
MYSORE STATE.

No. C/621-1

Bangalore, 20th January 1926.

D 3695

COM. & INDY. SECRETARIAT
21 JAN 1926
INDUSTRIES & COMMERCE
ERA. H.

Dear Sir,

In reference to your D.O. letter dated 18-1-26, regarding the representation to Government made by Mr.Valentine of the United Steel Company, Shimoga, I beg to submit the following notes in connection with the points referred to by you.

2 The prices for the Indian high grade ore (50%) are quoted at London (as stated in the Mining Journal) in last December at 20 d. (on average) per unit, delivery c.i.f. U.K.ports; they went up to 23 d. in last April and May and have come down to 19½ d. on 23rd December 1925.

3 The market price of low grade manganese ore is now lower than what it was before. It is difficult to get the correct value of these low grade ores in India, as so much depends on the actual grade of the ore sold according to the demands of the foreign market. It is doubtful if ores below 42% in grade would fetch more than 8 annas per unit f.o.b. Indian port. As the high grade ore has come down in value, so also the low grade ores would fetch less and less value, not according to any sliding scale; but each grade below 42% will have a decreasing value, not proportionately but according to the demand of the purchaser.

4 The present market conditions of the low grade ores, say below 42%, are certainly unfavourable and it is very difficult for any mining companies to work them at a profit. But if, by means of booking a large forward contract with a large tonnage output, ~~by which~~ the shipping freight and cost of production could be advantageously reduced, it might be possible for the mining companies to work out the

the low grade ores with a small margin of profit.

5 Mr. Valentine happened to call at my office on the 19th instant when I had a personal talk with him on the matter. He says the license and lease areas now held by the U.S.Co. do not yield any high grade ore but the quality goes as low as 33% which forms the major portion of the output. This grade of ore does not bring them any return at all and they have to work at a loss under the present rate of royalty.

6 From the various inquiries I have made from other licensees and dealers in manganese ores, I find that from ores below 48% in grade, only a small amount of profit is likely to be made, and deals in ores of about 38% and below would not bring any profit at all, under the present market conditions.

7 So it is highly desirable that the present rate of royalty on low grade ores should be reduced to 6 annas and I may say this reduction is necessary if the industry in low grade ores is to be continued. If this concession is granted to one company, there is no reason why it should not be extended to others although they may not have asked for the same at present.

8 In my letter No:1237, dated 26.1.24, to the Revenue Secretary to Government, I discussed all the points raised by Mr. Valentine on this subject in his letters to this department dated 14th & 17th Nov. 1923. Then in view of the concessions asked for, viz. the lateral expansion outside their present properties and reduction in the rate of royalty, if they were granted, Mr. Valentine stated that his company would give a guarantee of an output and export of 20,000 tons of ore every year for a period of 5 years.

9 Mr. Valentine now says that owing to his properties failing in the supply of sufficient quantity of ores, he is not in a position to make the same offer as he did in November, 1923 He has however promised to send me some offer of the kind with a statement as soon as he returns to Shimoga,, and this will be forwarded to you when received.

10 In conclusion I beg to state that the conditions of market for the low grade manganese ores below 42% are very unfavourable at present; it is necessary to reduce the royalty to 6 annas in case of low grade ores, say below 44%, (to keep to our present standard) to encourage the continuance of the industry. But the present rate of royalty on high grade ores above 44% may be continued without reduction.

11 If the concession is granted to the United Steel Company only, then certain conditions may be laid down on the lines stated in my above letter of 26-1-24.

(a) A guarantee of a minimum output and export of 10 000 tons of ore (high and low grade combined) every year for 5 years.

(b) The payment of the royalty in advance on half the annual export guaranteed, payable within a month of the acceptance of the offer. Royalty is to be paid in advance every succeeding year within a month ~~fr~~ from the beginning of the year on half the guaranteed quantity. The advance royalty is to be calculated on the basis of low grade ores and the final adjustment is to be made at the end of the year according to the grade of the ore actually exported.

(c) Payment of royalty on the quantity in excess of the guaranteed amount in a year to be made on despatch of such excess ore from Shimoga based on Railway freights and certificates from the Superintendent of the Company giving percentage of the ore as delivered in the train, within 2 months from the end of the year.

Yours sincerely,

K. R. Srinivasa Iyengar, Esq., M.A,

1st Member of Council.

3698 2540 2-35- Commerce & Ind C/621-3 Ens

Secl 77-25-3

GOVERNMENT OF MYSORE

Mysore Geological Department.

Bangalore, 1st February 1926

GEN. & STATIST. BRANCH 2-FEB 1926 INDUSTRIES & COMMERCE

D.147 2.2.26

D3940

Dear Sir,

In continuation of my letter to you No.C/621-1, dated 20th January 1926, regarding grant of certain concessions to the United Steel Companies of Shimoga, I beg to send you herewith for information a copy of Mr.Valentine's letter of the 25th instant He says in the event of finding a market for low grade ore(up to 30%), he will be able to guarantee 20,000 tons a year for a period of three years only subject to being granted full rights to prospect within the 13 mile radius round Ayanur without any reserve I have nothing more to add to the recommendations already made by me in the matter, except that the figures to be guaranteed may be altered if considered necessary.

Yours sincerely,

A. M. Lewis

To-

K.R. Srinivasa Iyengar, Esquire., M.A.,

First Member of Council.

12

From

Shimoga,
25th January 1926.

The United Steel Companies, Limited.

S H I M O G A .

To

The Director,
Department of Geology,
Bangalore.

Sir,

QUALITIES OF MANGANESE ORE
& ROYALTIES.

We have the honor to inform you that for the past few months the quality of ores mined in our lease and license areas has dropped considerably and steadily, and to emphasise this fact we enclose herewith a list of the average analysis results taken from our Laboratory records

These figures will show you how impossible it is for us to now guarantee any tonnage of a 36/40 % variety We might mention here that to mine and to tram this low quality ores means a dead loss to the Company as practically all present workings are producing the same class of mineral, for which we have no market. The only way we can possibly hope to carry on now is, for us to find a market for say 30 % ore, and in the event of finding such a market, we should be able to guarantee a minimum 20,000 tons a year, for three years at the most, but to do this royalties must certainly be reduced, and rights to prospect within the thirteen mile radius of Ayanur village must be given to us without reserve.

The cost for tramming this class of ore must of necessity be greatly reduced owing to the low percentage of the Manganese content, and we request that Royalties may be reduced to say annas six per ton at least

Finally, as already mentioned above, the rights to prospect and obtain licenses within the 13 miles radius of Ayanur village must be assured us and no part of this area should be withheld from us

We have the honor to be,
Sir,
Your obedient servants,
The United Steel Companies, Ltd.,
Sd/- C.R. Valintine
S U P E R I N T E N D E N T

" COPY"

Offg. Director,
Mysore Geological Department.

Average analysis of Manganese ore trammed from Kumsi & Shankargudda Blocks for the following weeks.

19th	Dec.	1925	Tons	550	= 18018 or 32.76%.
26th	"	"	"	574	= 17024 or 29.65%.
2nd	Jan.	1926	"	671	= 22678 or 33.80%.
9th	"	"	"	724	= 23815 or 32.89%.
16th	"	"	"	605	= 19975 or 33.01%.

Sd/- C.R. Valentine
S U P E R I N T E N D E N T.

This is a true extract from the weekly reports sent to our Home Office.

" C O P Y "

Offg. Director,
Mysore Geological Department.

Proceedings of the Government of H.H.
the Maharaja of Mysore

Read.--

Gcol. 93-25-4

Representation by the Superintendent United Steel Co. Ltd. Shimoga, dated 25-11-25, requesting for reasons stated that the present rates of royalty on Manganese Ore may be reduced, as under low grade ore of 44 per cent and below from annas 12 to annas 6, and under ores of higher grade from Rs.1-4-0 to annas 12 per ton.

2. Letter No.C/621-1 dated 20th January 1926 from the Director of Geology submitting his report in the matter

ORDER NO: Lc 6545

Dated, Bangalore, the, 23/3/1926

The Director of Geology states that the present rate of royalty on high grade ores i.e. above 44% does not require to be reduced but that, in the case of low grade manganese ore, below 44%, the market conditions are very unfavourable and that it is difficult for mining companies to work them with a reasonable margin of profit at the present rate. He therefore recommends that the royalty on low grade manganese ore containing not more than 44 % of manganese may be reduced to 6 annas per ton as requested by the United Steel Company, in order to encourage the several licensees and lessees to continue their mining work.

18

2. In the circumstances Government are pleased to direct that the royalty on low grade manganese ore (44 % and below) be reduced from annas 12 to 6 annas a ton for a period of 2 years.

A Notification in this respect will issue separately.

No change is called for in the rates of royalty on higher grade ore.

Your draft

WA 17/3

Revenue Secretary to Govt.

To

The Director of Geology in Mysore.
Copy to the Superintendent, United Steel Co.,Ltd., Shimoga.

No. 6546

4917 16

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

Reduction of rates of Royalty on Low grade Manganese: — Passes orders regarding the ——

G. O. No. I. C. 6545/Eco 273-25-4 DATED 23rd March 1926.

May this be

i. printed? — Eco WP

ii. treated as a standing order? — No WP

iii. published in the Gazette English Part? Eco

iv. translated? No WP

v. placed at the disposal of the press? Eco Yes WP

vi. published in the Gazette Kannada Part? S No WP 1/4

SECY. SECRETARIAT
14 APR 1926
TRADE & COMMERCE
BRANCH
11236

Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. I. C. 6545—Geol. 73-25-4, dated 23rd March 1926.

Royalty on low grade Manganese Ore.

Passes orders regarding the reduction of rates of——

READ—

Representation by the Superintendent, United Steel Co., Ltd., Shimoga, dated 25th November 1925, requesting for reasons stated, that the present rates of royalty on Manganese Ore may be reduced, as under low grade ore of 44 per cent and below, from annas 12 to annas 6 and under ores of higher grade from Rs. 1-4-0 to annas 12 per ton.

2. Letter No. C.—621-1, dated 20th January 1926, from the Director of Geology, submitting his report in the matter.

ORDER NO. I. C. 6545—GEOL. 73-25-4, DATED 23RD MARCH 1926.

The Director of Geology states that the present rate of royalty on high grade ores, *i. e.*, above 44 per cent does not require to be reduced, but that, in the case of low grade manganese ore below 42 per cent the market conditions are very unfavourable, and that it is difficult for mining companies to work them with a reasonable margin of profit at the present rate. He therefore recommends that the royalty on low grade manganese ore containing not more than 44 per cent of manganese may be reduced to 6 annas per ton as requested by the United Steel Company, in order to encourage the several licensees and lessees to continue their mining work.

2. In the circumstances, Government are pleased to direct that the royalty on low grade manganese ore (44 per cent and below) be reduced from annas 12 to 6 annas a ton for a period of 2 years.

A notification in this respect will issue separately.

No change is called for in the rates of royalty on higher grade ore.

B. SRINIVASA IYENGAR,
Secretary to Government,
Revenue Department.

To—The Director of Geology in Mysore.

Exd.—P. S. R. N.

W D 2085—GPB—180—7-1-26

NOTIFICATION.

In modification of Government Notification No.G.8945/Geol.28-20-5 dated 2nd November 1920, fixing the minimum charges of royalty on manganese ~~ores~~ and other ores Government are pleased to direct that the rate of royalty on manganese ~~ore~~ containing not more than 44% ~~manganese~~ be reduced from Rs 0-12-0 to Rs 0-6-0 per ton for a period of 2 years with effect from the date of this Notification.

By Order,

Revenue Secretary to Govt.

To

The Compiler, Mysore Gazette for publication in the Gazette and with a request that 50 copies of the same may be supplied to this office.

NOTIFICATION.

In modification of Government Notification No.G.8945/Geol.28-20-5 dated 2nd November 1920 fixing the minimum charges of royalty on manganese ~~ore~~ and other ores Government are pleased to direct that the rate of royalty on manganese ore containing not more than 44% manganese be reduced from Rs 0-12-0 to Rs 0-6-0 per ton for a period of 2 years with effect from the date of this Notification.

By Order,

Revenue Secretary to Govt.

To

The Compiler, Mysore Gazette for publication in the Gazette and with a request that 50 copies of the same may be supplied to this office.

REVENUE SECRETARIAT.

No. I. C. 6547—*Geol.* 73-25-5, *dated* 23*rd March* 1926.

In modification of Government Notification No. G. 8945—Geol. 28-20-5, dated 2nd November 1920, fixing the minimum charges of royalty on manganese and other ores, Government are pleased to direct that the rate of royalty on manganese ore containing not more than 44 per cent. manganese be reduced from Re. 0-12-0 to Re. 0-6-0 per ton for a period of two years with effect from the date of this notification.

By Order,
B. NAGAPPA,
Secretary to Government,
Revenue Department (in charge).

Geol 73-25-B

DEPARTMENT OF ~~MINES AND~~ GEOLOGY,
MYSORE STATE.

Bangalore, 20th March, 1926.

D 4917

Dear Sir,

In reference to the conversation I had with you yesterday, I gather it is the intention of the Government to reduce the rate of royalty on low grade manganese ores uniformly to -/6/- per ton for all licensees and lessees.

2. In my D.O. letters No.C/621-1, dated 20th January 1926 and No.C/621-3, dated 1st February 1926, in connection with the petition of Mr.C.R. Valentine of the United Steel Companies Ltd., of Shimoga, I recommended the reduction of royalty on low grade ores (up to 44%) to -/6/- for reasons, of which the following are important:-

(1) The market price of low grade ore is now lower than what it was before, and the present market conditions of ores below 42% are unfavourable.

(2) The United Steel Company were willing to give a guarantee of output of 20000 tons of ore per year for 3 years.

(3) They have to maintain a tramway of about 40 miles, as th mines are far away from the Railway line.

3. If however the concession of low royalty is to be extended to all the manganese mine owners of the State, without any kind of guarantee f minimum output, I am afraid the revenue from manganese royalty would ecrease to a considerable extent.

4. Many of the manganese blocks lie within easier reach of the Railway line and as such they would not meet with the same hardship as felt by the United Steel Company Moreover the difference between the two rates of royalty on low and high grade ores would be disproportionately great, being -/6/- and Re.1/4/- respectively.

6. As the Government desire to extend the concession to all, I would suggest the following sliding scale according to the grade of ore, which would to some extent safeguard the revenue interests of Government :-

	Per ton.
Low grade ore containing not more than 42% of manganese.....	0- 6-0.
Ores containing above 42% and not more than 45% of manganese.....	0-12-0
Ores containing more than 45 % of manganese.....	1- 4-0

I have added an intermediate grade of 42-45 % ores which may sometimes be obtained and mined.

6 It is left to the discretion of Government if the clause of sharing 25% of net profits is to be continued, the merits and demerits of which have already been discussed previously by me as well as the mining public at the meeting of the 13th instant.

7. In case of extension of the concession of the low grade royalty of -/6/- to all, without any restrictions similar to those offered by the United Steel Company of Shimoga, I beg to point out the low grade should be fixed at 42% for 6 annas royalty per ton; and the sliding scale as suggested above, would probably meet with the difficulties in the difference of the rates, thereby safeguarding the revenue of the Government.

8 I hope these suggestions will receive favourable consideration of the Government before the orders are finally issued.

Yours sincerely,

A. M. Lewis

K.-R. Srinivasa Iyengar, Esquire, M.A.
First Member of Council.

22

APP. F. VI. GI.]

SUBJECT.....

.....

.....

Diary No. of letter replied to .. 491

Section Genl

File No. 73-25

Serial No. 7.

No. C 6762 of 31/3/1926

General and Revenue Secretariat

( )

the 192

To

.....

Date of issue 31/3/1926

Dear Sir

Signed by M. Venkatasubbiah

With reference to D.O No C/740 of 20.3.26 ~~from~~ ~~contain suggestions~~ suggesting a sliding scale of royalty according to the grade of manganese ore & requesting orders in the matter I am desired to inform you that orders already have issued under Government, for a period of two years the rate of royalty on low grade manganese ore containing not more than 44% manganese to be 6 annas per ton

over

List of enclosures.....

No. 9.C.6545/Geol. 73-25-4 dt 23.3.1926

Copied by.....

Examined by .....

25

~~unprovoked for a period of 2 years~~

that Govt do not consider
it necessary to modify at
present, especially as Govt.
will have a share in the
profits realised by the licensees
after payment of royalty

Yours sincerely

W.

WP
29/3

L
30/3

A. M. Lee, Esq.

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30/3